

Message Text

UNCLASSIFIED

PAGE 01 TEL AV 05886 161605Z

62

ACTION NEA-10

INFO OCT-01 EUR-12 IO-10 ISO-00 SP-02 AID-05 EB-06 NSC-05

RSC-01 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-24

LAB-03 SIL-01 L-02 H-02 PA-02 USIA-15 PRS-01 DRC-01

/138 W

----- 010454

R 161507Z OCT 74

FM AMEMBASSY TEL AVIV

TO SECSTATE WASHDC 4216

INFO AMEMBASSY BERN

AMEMBASSY BONN

USMISSION GENEVA

AMEMBASSY PARIS

UNCLAS TEL AVIV 5886

E O 11652: N/A

TAGS: EFIN, IS

SUBJ: RABIN INVOLVESHIMSELF IN ISRAEL CORPORATION -
ROSENBAUM- INTERNATIONAL CREDIT BENK CONTROVERSY

REF: TEL AVIV 5783

1. PRESS REPORTS THAT PM RABIN AND FINMIN RABINOWITZ MET OCT 14 WITH HEADS OF ISRAEL'S THREE MAJOR BANKS (LEUMI, DISCOUNT, HAPOALIM) IN ATTEMPT TO PERSUADE THEM TO AGREE TO CONSORTIUM OF CREDITORS FOR DR. TIBOR ROSENBAUM'S INTERNATIONAL CREDIT BANK (ICB) OF GENEVA. CONSORTIUM WOULD RESCHEDULE PAYMENTS AND PERHAPS RAISE ADDITIONAL FUNDS. BANKS REPORTEDLY NEITHER ACCEPTED NOR REJECTED REQUEST, BUT INFORMED RABIN THAT THEY COULD NOT REACH DECISION UNTIL ALL FACTS WERE IN, THEY HAD OPPORTUNITY TO ANALYZE THEM, AND THEY HAD BROUGHT MATTER BEFORE THEIR RESPECTIVE BOARDS OF DIRECTORS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TEL AV 05886 161605Z

2. OCT 15 RABIN INFORMED CABINET THAT HE HAD INVOLVED HIMSELF IN "CLARIFICATION EFFORTS" FOR POSSIBILITY OF SAVING ROSENBAUM'S ICB AND SUBSEQUENT RECOVERY OF ISRAELI FUNDS INVESTED WITH IT. HE SAID THAT GOI WOULD NOT COMMIT ITSELF TO ANY COURSE OF ACTION WITHOUT PRIOR DISCUSSION IN FULL CABINET SESSION: SUCH CABINET SESSION COULD ONLY BE HELD AFTER ALL FACTS WERE KNOWN. MOREOVER, RABIN ASSUMED MINISTERIAL ECONOMIC COMMITTEE WOULD HANDLE MATTER AND BRING IT BEFORE CABINET WITH RECOMMENDATIONS. FINMIN RABINOWITZ REPORTED THAT INVESTIGATION OF SCANDAL WAS WELL UNDERWAY. SOME OTHER MINISTERS REQUESTED IMMEDIATE DISCUSSION ON QUESTION OF WHETHER GOI SHOULD CONSIDER INTERVENING TO SAVE FOREIGN BANK. MINISTER OF TOURISM MOSHE KOL WAS IN FAVOR OF HOLDING DISCUSSION AND LABOR MINISTER MOSHE BARAM AGREED, BUT RABIN INSISTED IT WAS POINTLESS UNTIL ALL FACTS WERE AVAILABLE. MINISTER WITHOUT PORTFOLIO SHULAMIT ALONI TABLED PARLIAMENTARY QUESTION TO FINMIN RABINOWITZ ASKING IF GOVT INTENDED TO INVESTIGATE EXISTENCE OF FUNDS BELONGING TO ISRAELI PUBLIC FIGURES ON DEPOSIT IN ICB. FIRST TIME IN KNESSET HISTORY ONE MINISTER HAS TABLED PARLIAMENTARY QUESTION TO ANOTHER MINISTER.

3. KNESSET COMMITTEE OCT 15 DECIDED THAT KNESSET FINANCE COMMITTEE, HEADED BY ALIGNMENT'S ISRAEL KARGMAN, SHOULD INVESTIGATE SCANDAL RATHER THAN KNESSET'S ECONOMIC COMMITTEE, HEADED BY LIKUD'S SHAMUEL TAMIR. TAMIR QUOTED AS SHARPLY CRITICIZING THIS DECISION AND SAYING HE WAS AFRAID IT CONSTITUTED BEGINNING OF COVERUP.

4. FINMIN RABINOWITZ TOLD ALIGNMENT KNESSET FACTION OCT 15 THAT ROSENBAUM ENTERPRISES FAILURE COULD MEAN LOSS TO ISRAELI CORPORATE DEPOSITORS AND INVESTORS OF DOLS 30 MILLION, WHILE INDIVIDUAL ISRAELIS AND JEWS AROUND THE WORLD COULD LOSE DOLS 90 TO DOLS 100 MILLION. RABINOWITZ DOUBTED POSSIBILITY ISRAEL'S THREE MAJOR BANKS MOVING IN AND TAKING OVER ROSENBAUM ENTERPRISES. HOWEVER, RABINOWITZ BELIEVED GOI SHOULD ATTEMPT RESCUE OPERATION IN ATTEMPT MINIMIZE DAMAGE TO ISRAELI FIRMS, HELP NON-ISRAELI JEWISH DEPOSITORS, AND FIRM UP ISRAEL'S IMAGE AS COUNTRY SEEKING INVESTMENT. RABINOWITZ HAD TALKED TO NON-JEWISH INVESTORS IN ISRAEL AND HAD FOUND THEM UNSURE

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TEL AV 05886 161605Z

ABOUT INCREASING THEIR INVESTMENTS. "WE MAY FEEL THE IMPACT

OF THE ROSENBAUM COLLAPSE FOR YEARS," HE QUOTED AS SAYING. MOREOVER, RABINOWITZ DISMAYED AT IMPRESSION CURRENT IN U.S. THAT IC HAD BEEN ESTABLISHED FOR FINANCIAL SPECULATION. IC BOARD MEETING ORIGINALLY SCHEDULED FOR OCT 13 PRESENTLY RESCHEDULED FOR OCT 18 IN PARIS.

KEATING

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BLOCKED ASSETS, BANKS, BUSINESS FIRMS, CONSORTIUMS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TELAV05886
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740294-0778
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741043/aaaabkzi.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: TEL AVIV 5783
Review Action: RELEASED, APPROVED
Review Authority: martinjw
Review Comment: n/a
Review Content Flags:
Review Date: 08 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 MAR 2002 by chappeld>; APPROVED <06 FEB 2003 by martinjw>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RABIN INVOLVESHIMSELF IN ISRAEL CORPORATION - ROSENBAUM- INTERNATIONAL CREDIT BENK CONTROVERSY
TAGS: EFIN, IS, (ROSENBAUM, TIBOR)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005